

RHS, RBS, RUS, FSA, USDA

§ 1902.9

with notification to the financial institution. The local Rural Development office may also request release through the National Office, Policy and Analysis Division.

[46 FR 36106, July 14, 1981, as amended at 53 FR 231, Jan. 6, 1988; 53 FR 24437, June 29, 1988; 56 FR 50648, Oct. 8, 1991; 70 FR 59227, Oct. 12, 2005]

§ 1902.8 Authority to establish and administer supervised bank accounts.

Servicing Officials are authorized to establish supervised bank accounts, deposit loan checks and other funds, countersign checks, close accounts, and execute all forms in connection with supervised bank account transactions and redelegate this authority to a person under their supervision who is considered capable of exercising such authority. State Directors will make written demand upon the bank for withdrawals outlined in § 1902.16.

[70 FR 59227, Oct. 12, 2005]

§ 1902.9 Deposits.

(a) *Deposit by FmHA or its successor agency under Public Law 103-354 personnel.* (1) Checks made payable solely to the Federal Government or any Agency thereof, and a joint check when the Treasurer of the United States is a joint payee, may not be deposited in a supervised bank account.

(2) Rural Development personnel will accept funds for deposit in a borrower's supervised bank account ONLY in the form of: A check or money order endorsed by the borrower "For Deposit Only;" a check drawn to the order of the financial institution in which the funds are to be deposited; a loan check drawn on the U.S. Treasury; or a Rural Development electronic funds transfer disbursement.

(i) A joint check that is payable to the borrower and Rural Development will be endorsed by the Servicing Official as provided in 7 CFR part 1951, subpart B, Exhibit B, section 4.

(ii) Ordinarily, when deposits are made from funds which are received as the result of consent or subordination agreements or assignments of income, the check should be drawn to the order of the financial institution in which the supervised bank account is established or jointly to the order of the

borrower and Rural Development. All such checks should be delivered or mailed to the Servicing Office.

(3) If direct or insured loan funds or borrower contributions are to be deposited in a supervised bank account, such funds will be deposited on the date of loan closing after it has been determined that the loan can be closed. However, if it is impossible to deposit the funds on the day the loan is closed due to reasons such as distance from the financial institution or banking hours, the funds will be deposited on the first banking day following the date of loan closing.

(4) Grant funds will be deposited when such funds are delivered.

(5) When funds from any source in the form of cash, check, or money order are deposited by Rural Development personnel in a supervised bank account, a deposit slip will be prepared in an original and two copies with distribution as follows: Original to the financial institution, one copy to the borrower, and one copy for the borrower's case folder. The name of the borrower, the sources of funds, "Subject to Rural Development Countersignature" and, if applicable, the account number, will be entered on each deposit slip.

(6) A loan or grant check drawn on the U.S. Treasury may be deposited in a supervised bank account without endorsement by the borrower when it will facilitate delivery of the check and is acceptable to the financial institution. The borrower will be notified immediately of any deposit made and will be furnished a copy of the deposit slip. When a deposit of this nature is made, the following endorsement will be used:

For deposit only in the supervised bank account of (name of borrower) in the (name of financial institution and address when necessary for identification) pursuant to Deposit Agreement dated _____.

(7) Accounts established through the use of Interest-Bearing Deposit Agreement will be in the name of the depositor and the Government.

(b) *Deposits by borrowers.* Funds in the form of cash, check, or money order may be deposited in the supervised bank account by the borrower if authorized by Rural Development, provided the financial institution has